

29th

# ANNUAL REPORT 2012-13

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## SAGAR SYSTECH LIMITED

### Board of Directors

Mr. Mukesh Babu  
Mr. K. Chandrasekhar  
Mr. Benny Itty

### Main Bankers

Oriental Bank of Commerce

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### Auditors

Chaitanya C. Dalal & Co  
Chartered Accountants  
111, Maker Chambers III  
223, Nariman Point,  
Mumbai - 400021.

### Registered Office

12A/1, New Sion Co-op.Hsg. Soc. Ltd.  
Sion - West,  
Mumbai - 400 022.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

The Directors have pleasure in presenting 29<sup>th</sup> Annual Report and Statement of accounts for the year ended 31<sup>st</sup> March 2013.

<b><u>FINANCIAL RESULTS</u></b>	<b><u>CURRENT YEAR</u></b> ₹	<b><u>PREVIOUS YEAR</u></b> ₹
TOTAL INCOME	<u>741,420</u>	<u>702,200</u>
Profit/(Loss) before Interest, Depreciation & Tax	597,852	584,110
Less : Interest	-	-
Gross Profit	597,852	584,110
Less : Depreciation	-	824
Profit/(Loss) before Taxation	597,852	583,286
Add/(less) : Current Tax	-	-
Add/(less) : Deferred Tax	3,951	(64,352)
Net Profit/(Loss) after Taxation	<u>601,803</u>	<u>518,934</u>

### YEAR IN RETROSPECT

The company has earned Net profit after Tax of ₹ 6.02 as compared to net profit of ₹ 5.19 lacs in the previous year.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2013 on a going concern basis.

#### **DIRECTORS**

Mr. Benny Itty who retires by rotation and being eligible, offers himself for re-appointment.

#### **FIXED DEPOSITS**

The company has not accepted any deposit from the public during the year.

#### **DIVIDEND**

The company do not recommend dividend for the year.

#### **AUDITORS**

The current Auditors M/s. Chaitanya C. Dalal & Company retire on the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

As the company is a service company, no particulars have been given regarding conservation of Energy and Technology Absorption.

Foreign Exchange earning and outgo during the year – ₹ Nil (Previous Year ₹ Nil).

#### **PARTICULARS OF EMPLOYEES**

Since the Company did not employ persons drawing remuneration in excess of ₹ 500,000 per month or ₹ 60,00,000 per annum, the information pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

#### **CASH FLOW ANALYSIS**

As per clause 32 of the Listing Agreement the cash flow statement has been attached to the Balance Sheet as on 31<sup>st</sup> March 2013 and Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013.

#### **ACKNOWLEDGEMENTS**

Your directors wish to thank the company's bankers and shareholders for their co-operation.

**FOR AND ON BEHALF OF THE BOARD  
SAGAR SYSTECH LTD.**

**MUKESH BABU  
DIRECTOR**

**Place : Mumbai**

**Date : 10<sup>th</sup> May 2013.**

**CA. Chaitanya C. Dalal**

*F. C. A.*

**CA. Haresh B. Purohit**

*F.C.A.,D.I.S.A.(ICAI)*

**CA. Rayomand F. Jilla**

*A.C.A., D.I.S.A.(ICAI)*

**CA. Vishal G.Mehta**

*A.C.A.,L.L.B.,D.I.S.A.(ICAI)*



**Chaitanya C. Dalal & Co.**  
**CHARTERED ACCOUNTANTS**

111, Maker Chambers-III  
11<sup>th</sup> Flr,223, Nariman Point  
MUMBAI: 400 021. INDIA  
☎Off:22873 338, 22040533  
Telefax : 22025167  
e.mail: ccd2@rediffmail.com

**Independent Auditor's Report**

**To**  
**The Members of**  
**SAGAR SYSTECH LIMITED**

We have audited the accompanying financial statements of **SAGAR SYSTECH LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 . This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
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1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Chaitanya C. Dalal & Co.  
Chartered Accountants**

**Chaitanya C. Dalal  
Partner  
Membership No. 35809  
Firm Registration Number: 101632W**

**Place: Mumbai  
Date: 10/05/2013**

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of SAGAR SYSTECH LIMITED on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) According to the information and explanations given to us and on the basis of our examination of the books of account the company does not have any fixed assets as on 31<sup>st</sup> March,2013. Thus sub clauses (b) & (c) are not applicable to the company.
- (ii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account the company does not have any Inventories as on 31<sup>st</sup> March,2013. Thus sub clauses (b) & (c) are not applicable to the company.
- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.  
  
(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii(f) and iii (g) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- (v) (a) In our opinion and according to the information and explanation given to us, they are transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956.  
  
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act and exceeding the value of Rupees five Lakhs in respect of any party during the year, if any, have been made at prices which are reasonable having regard to the prevailing market prices at te relevant time.
- (vi) The company has not accepted any deposits from the public thus clause 4(vi) of the Companies (Auditor's report) Order 2003 is not applicable.
- (vii) In our opinion the company has an internal audit system commensurate with its size and nature of its business.
- (viii) As explained to us, the Central Government has not prescribed the maintenance of Cost records under section 209 (1) (d) of the Companies Act 1956 for the company's products.

- (ix) (a) According to the information and explanations given to us and according to books and records as produced and examined by us, there are no amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues as at the year end outstanding for the period more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- (x) The Company has no accumulated losses as at 31<sup>st</sup> March,2013 and not incurred any cash losses in the years and has not incurred cash losses in the immediately preceding financial year.
- (xi) According to the records of the company as examined by us and information and explanation given to us , bank overdraft balance is subject to confirmation and reconciliation as stated in Note. No. 12 (B) (2) of the Other Notes to Accounts.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares debentures and other securities.
- (xiii) As the company is not a nidhi / mutual benefit fund / society Clause (xiii) of the order is not applicable.
- (xiv) In our opinion and according to the information and explanations given to us the Company is not a dealer or trader in securities thus Clause (xiv) of the order is not applicable.
- (xv) The company has not given any guarantees for loans taken by others from bank or Financial Institutions the terms and conditions whereof are prima facie prejudicial to the interest of the Company.
- (xvi) According to the information and explanation given to us the company has not obtained any term loans hence Clause (xvi) of the order is not applicable.
- (xvii) According to the information and explanation given to us and an overall examination of the balance sheet of the company we report that no funds raised on short term basis has been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanation given to us, during the year, we have neither come across any instance of fraud on or by the company nor have we been informed of such case by the management.

**For Chaitanya C Dalal & Co.  
Chartered Accountants**

**Chaitanya C Dalal  
Membership No. 35809  
Firm Registration Number: 101632W**

**Place: Mumbai  
Date: 10/05/2013**

**SAGAR SYSTECH LIMITED**  
**BALANCE SHEET AS ON MARCH 31, 2013**

Particulars	Note No.	March 31, 2013		March 31, 2012	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	3,200,000		3,200,000	
(b) Reserves and surplus	2	4,814,276		4,212,473	
(c) Money received against share warrants		-	8,014,276	-	7,412,473
<b>2 Share application money pending allotment</b>			-		-
<b>3 Non-current liabilities</b>					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)		-		-	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions		-	-	-	-
<b>4 Current liabilities</b>					
(a) Short-term borrowings	3	285,982		285,982	
(b) Trade payables		-		-	
(c) Other current liabilities	4	2,961,236		3,461,236	
(d) Short-term provisions		-	3,247,218	-	3,747,218
<b>TOTAL</b>			11,261,494		11,159,691
<b>II. ASSETS</b>					
<b>Non-current assets</b>					
<b>1 (a) Fixed assets</b>					
(i) Tangible assets		-		-	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	5	9,217,135		9,217,135	
(c) Deferred tax assets (net)	6	197,899		193,948	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		-	9,415,034	-	9,411,083
<b>2 Current assets</b>					
(a) Current investments		-		-	
(b) Inventories		-		-	
(c) Trade receivables		-		-	
(d) Cash and cash Balances	7	282,900		185,270	
(e) Short-term loans and advances	8	1,563,338		1,563,338	
(f) Other current assets	9	222	1,846,460	-	1,748,608
<b>TOTAL</b>			11,261,494		11,159,691

Contingent Liabilities & Commitments -  
NOTES ON ACCOUNTS 12

AS PER OUR REPORT OF EVEN DATE  
FOR CHAITANYA C. DALAL & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF  
SAGAR SYSTECH LIMITED

(CHAITANYA C.DALAL)  
Partner  
Membership No.35809  
FRN NO. 101632W

Mukesh Babu  
Director

K. Chandrasekhar  
Director

Place : Mumbai  
Date :10th May 2013

Place : Mumbai  
Date :10th May 2013



**SAGAR SYSTECH LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

Particulars	Note No.	March 31, 2013		March 31, 2012	
		₹	₹	₹	₹
I Revenue from operations			-		-
II Other income	10		741,420		702,200
III Total Revenue (I + II)			741,420		702,200
IV Expenses:					
Employee benefits expense		-		-	
Finance costs		-		-	
Depreciation and amortization expense		-		824	
Other expenses	11	143,568		118,090	
Total expenses			143,568		118,914
V Profit before exceptional and extraordinary items and tax (III-IV)			597,852		583,286
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			597,852		583,286
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			597,852		583,286
X Tax expense:					
(1) Current tax		-		-	
(2) Deferred tax		3,951	3,951	(64,352)	(64,352)
XI Profit (Loss) for the period from continuing operations (VII-VIII)			601,803		518,934
XII Profit (Loss) for the period (XI + XIV)			601,803		518,934
XIII Earnings per equity share:					
(1) Basic			1.88		1.62
(2) Diluted			1.88		1.62

**NOTES ON ACCOUNTS**

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AS PER OUR REPORT OF EVEN DATE  
FOR CHAITANYA C. DALAL & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF  
SAGAR SYSTECH LIMITED

(CHAITANYA C.DALAL)  
Partner  
Membership No.35809  
FRN NO. 101632W

Mukesh Babu  
Director

K. Chandrasekhar  
Director

Place : Mumbai  
Date :10th May 2013

Place : Mumbai  
Date :10th May 2013

**SAGAR SYSTECH LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013**

**Note 1 SHARE CAPITAL**

Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	March 31, 2013		March 31, 2012	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 10 each	500,000	5,000,000	500,000	5,000,000
<b>Issued</b> Equity Shares of ₹ 10 each	320,000	3,200,000	320,000	3,200,000
<b>Subscribed &amp; Paid up</b> Equity Shares of ₹ 10 each fully paid	320,000	3,200,000	320,000	3,200,000
<b>Subscribed but not fully Paid up</b> Equity Shares of ₹ 10 each, not fully paid up	-	-	-	-
<b>Total</b>	320,000	3,200,000	320,000	3,200,000

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars - Equity Shares	March 31, 2013		March 31, 2012	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	320,000	3,200,000	320,000	3,200,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	320,000	3,200,000	320,000	3,200,000

Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule VI to the Companies Act, 1956 -- (NIL)

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (more than 5%)

Name of Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mukesh Babu	120,000	38%	120,000	38%
Meena Mukesh Babu	90,000	28%	90,000	28%
Hemant Babu	16,500	5%	16,500	5%
Rasesh Maniar	30,000	9%	30,000	9%
Hiten Shah	30,000	9%	30,000	9%

Disclosure pursuant to Note no. 6 (A) (e, h, j) of Part I of Schedule VI to the Companies Act, 1956

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

Particulars	March 31, 2013		March 31, 2012	
	Number	Description	Number	Description
<b>Equity Shares</b> Restrictions on the distribution of dividends voting rights or with differential voting rights as to dividend	320,000	Parri Pasu None All shares have equal Voting Rights	320,000	Parri Pasu None All shares have equal Voting Rights

**SAGAR SYSTECH LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013**

**Note 2 RESERVES AND SURPLUS**

Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013	March 31, 2012
	₹	₹
<b>h. Surplus</b>		
Opening balance	4,212,473	3,693,539
(+) Net Profit/(Net Loss) For the current year	601,803	518,934
Closing Balance	<b>4,814,276</b>	<b>4,212,473</b>
<b>Total Reserves &amp; Surplus</b>	<b>4,814,276</b>	<b>4,212,473</b>

**Note 3 SHORT-TERM BORROWINGS**

Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013	March 31, 2012
	₹	₹
<u>Secured</u>	-	-
<u>Unsecured</u>		
(a) Loans repayable on demand		
from banks	285,982	285,982
from other parties	-	-
<b>Total Short Term Borrowings</b>	<b>285,982</b>	<b>285,982</b>

**Note 4 OTHER CURRENT LIABILITIES**

Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013	March 31, 2012
	₹	₹
<u>Payable to Related Party</u>	2,950,000	3,450,000
<u>Outstanding Expenses</u>	11,236	11,236
<b>Total Current Liabilities</b>	<b>2,961,236</b>	<b>3,461,236</b>

SAGAR SYSTECH LIMITED

NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

**Note 5 NON CURRENT INVESTMENTS**

Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

Particulars		March 31, 2013	March 31, 2012
		₹	₹
<b>A. Other Investments (Quoted)</b>			
a.	Investment in Equity instruments	9,167,135	9,167,135
b.	Investment in Trust Securities	50,000	50,000
<b>Total Other Investments</b>		<b>9,217,135</b>	<b>9,217,135</b>

Particulars		March 31, 2013	March 31, 2012
		₹	₹
Aggregate amount of quoted investments (Market value of ₹. 1,66,63,925/- (Previous Year ₹ 1,05,68,115/-)		9,217,135	9,217,135
		9,217,135	9,217,135

<b>A. Details of Other Investments</b>					
Sr.	Name of the Body Corporate	No. of Shares / Units		Amount (₹)	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
1	2	4	5	+	11
<b>a</b>	<b>Investment in Equity Instruments</b>				
	Mukesh Babu Financial Services Ltd (Associate compnay. Extent Of Holding 8.67%)	604,500	604,500	9,114,425	9,114,425
	Patheja Forging & Auto parts Mfg. Ltd	3,000	3,000	3,900	3,900
	Shree Cement Ltd	500	500	36,875	36,875
	Zenith Health Care Ltd	5,500	5,500	11,935	11,935
		613,500	613,500	9,167,135	9,167,135
<b>b.</b>	<b>Investment in Trust Securities</b>				
	UTI IEF	5,500	5,500	50,000	50,000
		5,000	5,000	50,000	50,000
	<b>Total</b>	<b>1,237,500</b>	<b>1,237,500</b>	<b>9,217,135</b>	<b>9,217,135</b>

Note:-

- 1 There is no investment in Joint Venture, Subsidiary, Associate or Controlled Company than stated above.
- 2 All the Investment are Fully paid up.
- 3 Whereever Extent of the of the Holding is known, is shown seperatly
- 4 All the Investment are stated at cost.
- 5 Adjustment if any is accounted on Split of face value of shares and Bonus Shares received during the year.

**SAGAR SYSTECH LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013**

**Note 6 DEFERRED TAX ASSET (NET)**

The Company has accounted for taxes on income in accordance with AS-22 – Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / asset is charged / credited to Profit and Loss Account. The year end position of taxes on income is as under:

Particulars	March 31, 2013	March 31, 2012
	₹	₹
<b>Deferred tax assets</b>		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	7,089	5,707
Gross deferred tax liability	7,089	5,707
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	190,810	188,241
Gross deferred tax asset	190,810	188,241
<b>Net deferred tax liability / (asset)</b>	<b>197,899</b>	<b>193,948</b>

**Note 7 CASH AND CASH EQUIVALENTS**

Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS</b>				
A. Balances with banks*				
In Current Accounts with Scheduled Banks		184,992		87,362
B. Cash on hand*		97,908		97,908
<b>Cash and Cash Equivalents</b>		<b>282,900</b>		<b>185,270</b>
C. Other Bank Balances		-		-
<b>Total Cash and Bank Balances (A+B+C)</b>		<b>282,900</b>		<b>185,270</b>

**Note 8 SHORT TERM LOANS AND ADVANCES**

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
<b>A. Loans and advances to related parties</b>		-		-
<b>B. Loans and advances to others</b>				
Unsecured, considered good		1,563,338		1,563,338
<b>Total Short-term loans and advances (A+B)</b>		<b>1,563,338</b>		<b>1,563,338</b>

**Note 9 OTHER CURRENT ASSETS**

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
<b>Taxation</b>				
Advance tax & TDS	222	222	-	-
<b>Non-Taxation</b>				
	-	-	-	-
<b>Total Other Current Assets</b>		<b>222</b>		-

**Note 10 OTHER INCOME**

Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Dividend Income		739,200		702,200
Interest on Debentures		2,220		-
<b>Total Other Income</b>		<b>741,420</b>		<b>702,200</b>

**Note 11 OTHER EXPENSES**

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Auditors Remuneration for Audit		11,236		11,236
Bank & Demat Charges		3,694		-
Filing Fees		2,000		1,500
Listing Fees		16,854		16,545
Professional fees		40,163		36,200
Profession Tax		2,500		2,500
Website Expenses		7,765		-
Publishing Expenses		59,356		50,109
<b>Total Other Expenses</b>		<b>143,568</b>		<b>118,090</b>

**Note – 12:- – OTHER NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013.**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Accounting Concepts:**

The financial statements are prepared on historical cost basis and as a going concern. Accounting Policies not referred to otherwise are consistent with generally accepted accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of The Companies Act, 1956.

**2. Revenue Recognition:**

Company follows Mercantile System of accounting and recognizes Income and Expenditure on accrual basis with necessary provisions for all known liabilities. Accounting Policies not referred to otherwise, are consistent with generally accepted accounting principles.

**3. Fixed Assets and Depreciation:**

Fixed assets are carried at historical costs less accumulated depreciation, if any. Fixed Assets are stated at cost, if any. Depreciation on Fixed Asset of the year has been provided on the written down value method in accordance in rates and manner provided in schedule XVI of Companies Act, 1956 wherever applicable.

**4. Investments :**

Investments are stated at cost of acquisition. No provision has been made in the accounts of the company for the depletion or appreciation in the value of the investments.

**5. Deferred Tax Assets / Liabilities:**

Deferred Tax assets and Liabilities are measured assuming the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

The company has accounted for taxes on income in accordance with AS – 22 accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / assets is charged / credited to Profit and Loss Account.

**6. Cash and Cash Equivalent:**

Cash and Cash Equivalent in the Balance Sheet comprise of cash at bank and cash on hand.

**B. NOTES TO THE ACCOUNTS:**

1. No provision for taxation has been made, since there is no liability of Taxes.
2. Bank overdraft balance is subject to reconciliation and confirmation.
3. As none of the employee is employed in service hence no provision for gratuity is required to be made and hence the disclosure required under AS-15 are not applicable
4. The Schedules referred to in the Balance Sheet and Profit and Loss Account form an integral part of the accounts.
5. **Current Assets Loans and Advances:**  
In the opinion of the management balances in Loans and Advances & Current Assets have approximate value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance sheet. According to the management provision for all the loans and liabilities are adequate. Balances in Creditors, Loans, and advances and current assets are subject to confirmation & reconciliation.

6. **Related Party Disclosure in accordance with Accounting Standard - 18:**

Name of the Associate Company : 1. Mukesh Babu Securities Limited

(₹ In Lacs)

Transactions During the year	Relationship	Current Year	Previous year
Net amount Payable as opening balance	Associates Company	34.50	40.00
Payment during the Year	Associates Company	5.00	5.50
Amount Received during year	Associates Company	00.00	00.00
Net amount Payable as Closing Balance	Associates Company	29.50	34.50

7. **Auditor's Remuneration:**

Auditor's remuneration in accordance with paragraph 4B of part II of Schedule VI to the Companies Act, 1956

Particulars	Current Year ₹	Previous Year ₹
For Audit Fees	11,236/-	11,236/-
Total	11,236/-	11,236-

8. **Foreign Currency Transactions:**

There were no foreign exchange transactions during the year.

9. Earning per share is as follows.

Particulars	Current Year ₹	Current Year ₹
<b>Basic &amp; Diluted Earning per share</b>		
Net profit after Taxation	601,803	518,934
Number of shares issued (F.V. ₹10)	320,000	320,000
Basic earning per share	1.88	1.62

10. **Prior Period Comparatives:**

The Figures of the previous year are regrouped, rearranged and reclassified wherever necessary to correspond with those of current year.

11. The additional information pursuant to paragraph 3, 4, 4A, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956 is not applicable.

**Signatures to the Schedules '1' to '12'**  
**FOR CHAITANYA C. DALAL & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF**  
**SAGAR SYSTECH LIMITED**

(Chaitanya C. Dalal)  
Partner  
Membership No.35809  
FRN.No. 101632W

(Mukesh Babu)  
Director

(K. Chandrasekhar)  
Director

Place : Mumbai  
Date : 10<sup>th</sup> May 2013

Place : Mumbai  
Date : 10<sup>th</sup> May 2013

**SAGAR SYSTECH LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary Item		597,852		583,286
Adjustments for :				
Depreciation & Misc. Exp. Written off	-		824	
Loss on Sale on Investments	-		-	
Interest/Dividend (Received)	(741,420)		(702,200)	
Interest paid	-		-	
Excess Provision for Taxation	-	(741,420)	-	(701,376)
<b>Operating Profit Before Working Capital Changes</b>		<b>(143,568)</b>		<b>(118,090)</b>
Adjustments for:				
Sundry Debtors	-		-	
Loans and Advances	-		-	
Other Current Assets	(222)		-	
Sundry Creditors	-		(550,000)	
Other Liabilities	(500,000)	(500,222)	206	(549,794)
<b>Cash Generated from Operations</b>		<b>(643,790)</b>		<b>(667,884)</b>
Interest Paid		-		-
Direct Taxes Paid		-		-
Cash Flow Before Extraordinary Items		<b>(643,790)</b>		<b>(667,884)</b>
Extraordinary Items				-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(643,790)</b>		<b>(667,884)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		9,932	
Purchase of Investments	-		-	
Sale of Investments	-		-	
Interest & Dividend Received	741,420	741,420	702,200	712,132
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>741,420</b>		<b>712,132</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	-		-	
Repayment of Loan	-		-	
Interest paid	-		-	
Increase in Misc. & Public Issue Expenses	-	-	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>-</b>		<b>-</b>
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		97,630		44,248
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		185,270		141,022
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		282,900		185,270

As per our report of even date.

**FOR CHAITANYA C. DALAL & CO.**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF**  
**SAGAR SYSTECH LIMITED**

**(CHAITANYA C.DALAL)**  
Partner  
Membership No.35809  
FRN NO. 101632W

**Mukesh Babu**  
Director

**K. Chandrasekhar**  
Director

Place : Mumbai

Place : Mumbai

Date :10th May 2013

Date :10th May 2013